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ILLINOIS COMMERCE COMMISSION

Docket Sheet for 00-0340

Current Time: 10/5/2000 3:02PM

Sort Date Descending

May 10 2000

Order Entered - Suspension

Order entered initiating the proceeding and suspending for a period of 105 days beginning with June 1, 2000, to and including September 13, 2000.

May 12 2000

Service - Order

Copy of Order served to parties.

May 12 2000

Service - Setting/Prehearing Conference

Set for hearing June 2, 2000, in Springfield, at 10:00 A.M.; parties advised by letter.

May 16 2000

Filing - Petition to Intervene

Petition to Intervene of Illinois Industrial Water Consumers, filed by Lueders, Robertson & Konzen. (mailed by USPS - May 11, 2000)

May 18 2000

Filing - Appearance

Appearance, filed by Chapman & Cutler on behalf of Illinois-American Water Company. (mailed by Federal Express - May 17, 2000)

May 22 2000

Filing - Petition to Intervene

Petition for Leave to Intervene, filed by the City of Pekin. (mailed by USPS - May 18, 2000)

May 30 2000

Filing - Appearance

Entry of Appearance, filed by the City of Peoria. (mailed by USPS - May 26, 2000)

Jun 2 2000

Examiner Report - Heard and Continued

Heard by Examiner Michael L. Wallace and continued to October 26, 27, 30 & 31, 2000, in Springfield, at 10:00 a.m.

Jun 2 2000

Examiner Report - Examiner Ruling

Petitions for leave to intervene filed by the City of Pekin and the Illinois Industrial Water Consumers
- granted.

Jun 2 2000

Transcript - Pending

Transcript pending.

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ILLINOIS COMMERCE COMMISSION

Docket Sheet for 00-0340

Current Time: 10/5/2000 3:03PM

Sort Date Descending

Jun 6 2000

Service - Hearing Continuance Letter

Parties advised by letter of continuance of hearing to October 26-27 and 30-31, 2000.

Jun 7 2000

Transcript - Received

Transcript received for June 2, 2000 hearing.

Jun 19 2000

Filing - Petition to Intervene

Petition for Leave to Intervene, filed by Balsters & Hinrichs, P.C. on behalf of Fosterburg Water District and Jersey County Rural Water. (filed by USPS - June 15, 2000)

Aug 1 2000

Filing - Petition to Intervene

Petition for Leave to Intervene, filed by Ancel, Glink, Diamond, Bush, DiCianni & Rolek, P.C. on behalf of the City of O'Fallon, City of Fairview Heights and Village of Caseyville. (mailed by Federal Express - July 31, 2000)

Aug 23 2000

Service - Notice

Notice mailed to parties advising that the Petitions for Leave to Intervene filed by the Fosterburg Water District and Jersey County Rural Water on June 19, 2000 and the City of O'Fallon on August 1, 2000 are granted by the Hearing Examiner.

Aug 28 2000

Filing - Motion

Motion for Leave to File Instantly, filed by the City of Peoria. (mailed by USPS - August 24, 2000)

Aug 28 2000

Filing - Objection

Objection to Proposed General Increase in Water Rates, filed by the City of Peoria. (mailed by USPS - August 24, 2000)

Aug 30 2000

Filing - Petition to Intervene

Petition for Leave to Intervene as a Non Active Party, filed by Crowder & Scoggins, Ltd. on behalf of the City of Waterloo. (mailed by USPS - August 28, 2000)

Sep 1 2000

Filing - Motion

Motion to Extend Time to File Evidence, filed by Ancel, Glink, Diamond, Bush, DiCianni & Rolek, P.C. on behalf of City of O'Fallon, City of Fairview Heights, and Village of Caseyville. (mailed by USPS - August 30, 2000)

Sep 5 2000

Filing - Objection

Objections to, and Motion to Strike, Motion to Extend Time to File Evidence, filed by Chapman and Cutler on behalf of Illinois-American Water Company. (mailed by Federal Express - September 1, 2000)

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ILLINOIS COMMERCE COMMISSION

Docket Sheet for 00-0340

Current Time: 10/5/2000 3:03PM

Sort Date Descending

Sep 5 2000

Service - Examiner Ruling

Parties served electronically Notice of Hearing Examiner's Ruling that Pursuant to 83 Ill. Adm. Code 200.190 e) parties may respond to the Motion to Extend Time to File Evidence filed by the City of O'Fallon, City of Fairview Heights and the Village of Caseyville on September 1, 2000 by September 11, 2000. Replies to responses are due September 15, 2000.

Sep 7 2000

Order Entered - Resuspension

Resuspension Order entered.

Sep 8 2000

Service - Order

Copy of Resuspension Order served to parties.

Sep 15 2000

Filing - Reply

Reply to Response to Motion to Extend Time to File Evidence filed by Ancel, Glink, Diamond, Bush, DiCianni & Rolek, P.C. on behalf of the City of O'Fallon, the City of Fairview Heights and Village of Caseyville. (mailed by USPS Express Mail - Sept. 14, 2000)

Sep 15 2000

Service - Examiner Ruling

Notice of Hearing Examiner's Ruling served electronically to parties advising that the Motion to Extend Time to File Evidence filed on behalf of City of O'Fallon, City of Fairview Heights, and Village of Caseyville is denied by the Hearing Examiner.

Sep 15 2000

Service - Order

Copy of Corrected Resuspension Order served to parties.

Sep 19 2000

Service - Examiner Ruling

Notice of Hearing Examiner's Ruling mailed to parties advising that the Petitions for leave to intervene filed by the City of Peoria and the City of Waterloo are granted by the Hearing Examiner. The Notice of Hearing Examiner's Ruling issued August 23, 2000, inadvertently omitted the City of Fairview Heights and Village of Caseyville, those petitions also having been granted.

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ORIGINAL

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

ILLINOIS AMERICAN WATER COMPANY)
) 00-0340
 Proposed general increase in water rates)

PETITION FOR LEAVE TO INTERVENE

NOW COMES the City of Pekin, Illinois by its attorneys, and respectfully petitions the Illinois Commerce Commission ("Commission") for leave to intervene in the above-entitled proceeding and in support thereof states as follows:

1. That the City of Pekin is a municipality receiving water service from Illinois American Water Company.
2. That the large majority of customers in the Pekin District of Illinois American Water Company are located within the city limits of the City of Pekin.
3. That the filings by Illinois American Water Company in regard to recently acquired systems are anticipated to have long-term effects on the Pekin District of Illinois American Water Company.
4. That the name, address, e mail address and telephone number of the Petitioner seeking Leave to Intervene is:

City of Pekin
Attn: Richard Hierstein
400 Margaret Street
Pekin, IL 61554
E mail: dhierstein@pekin.net
Telephone: (309) 477-2380

Service should be on said Richard Hierstein as listed above and also on:

Patrick E. Oberle
City Attorney
109 S. Fourth Street - P.O. Box 873
Pekin, IL 61555-0873
Telephone: (309) 346-4148

CHIEF CLERK'S OFFICE

APR 22 9 40 AM '68

ILLINOIS
COMPTROLLER OF TAXES

WHEREFORE, the City of Pekin prays that this Commission grant it Leave to Intervene and be treated as a party to this proceeding.

DATED this 18th day of May, 2000.

Respectfully submitted,

CITY OF PEKIN

By



City Attorney

Patrick E. Oberle
Eliff, Keyser, Oberle & Dancey, P.C.
109 S. Fourth Street - P.O. Box 873
Pekin, IL 61555-0873
(309) 346-4148

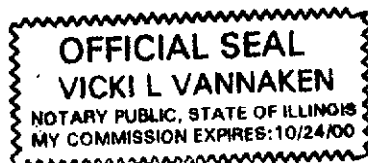
STATE OF ILLINOIS)
) S.S.
COUNTY OF TAZEWELL)


VERIFICATION

RICHARD HIERSTEIN, being first duly sworn, deposes and states that he is City Manager of the City of Pekin, Illinois, that he has read the above and foregoing document and knows the contents thereof, and that the same are true to the best of his knowledge, information and belief.


RICHARD HIERSTEIN

SUBSCRIBED AND SWORN TO before me this 18th day of May, 2000.




Notary Public

1 APPEARANCES:

(Cont'd)

2 MR. EDWARD FITZHENRY
3 Lueders, Robertson & Konzen
4 1939 Delmar Avenue
5 P.O. Box 735
6 Granite City, Illinois 62040

7 (Appearing on behalf of the Illinois
8 Industrial Water Consumers)

9 MR. DAVID L. ADER
10 Ancel, Glink, Diamond, Bush,
11 Dicianni & Rolek, P.C.
12 140 South Dearborn Street
13 Sixth Floor
14 Chicago, Illinois 60603

15 (Appearing on behalf of the City of
16 O'Fallon, Village of Caseyville, City of
17 Fairview Heights)

18 MS. JANIS E. VON QUALEN
19 527 East Capitol Avenue
20 Springfield, Illinois 62794

21 (Appearing on behalf of the Staff of the
22 Illinois Commerce Commission)

1	I N D E X				
2	WITNESSES	DIRECT	CROSS	REDIRECT	RECROSS
3	(None)				
4					
5					
6					
7					
8					
9					
10					
11					
12	EXHIBITS		MARKED		ADMITTED
13	(None)				
14					
15					
16					
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19					
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22					

1 PROCEEDINGS

2 EXAMINER WALLACE: Pursuant to the direction of
3 the Illinois Commerce Commission, I now call Docket
4 00-0340. This is the Illinois Commerce Commission On
5 Its Own Motion versus Illinois-American Water Company
6 dealing with a proposed general increase in water
7 rates.

8 May I have appearances for the record,
9 please, starting with Illinois-American.

10 MR. KUCERA: Daniel J. Kucera, Chapman and
11 Cutler, 111 West Monroe Street, Chicago, appearing
12 for Illinois-American Water Company.

13 EXAMINER WALLACE: For Staff.

14 MS. VON QUALEN: Janis Von Qualen, on behalf of
15 the Staff of the Illinois Commerce Commission, 527
16 East Capitol Avenue, Springfield, Illinois 62701.

17 EXAMINER WALLACE: Intervenors.

18 MR. FITZHENRY: Yes. Edward Fitzhenry with the
19 firm of Lueders, Robertson and Konzen, Post Office
20 Box 735, Granite City, Illinois 62040, appearing on
21 behalf of the Illinois Industrial Water Consumers.

22 EXAMINER WALLACE: And Mr. Ray.

1 MR. ADER: Randall Ray, Corporation Counsel for
2 the City of Peoria.

3 MR. ADER: And I'm David Ader, and I'm appearing
4 on behalf of the City of O'Fallon, Village of
5 Caseyville, Fairview Heights, and may shortly be
6 appearing for the Village of Millstadt.

7 EXAMINER WALLACE: All right, and the spelling
8 of your last name?

9 MR. ADER: A-D-E-R.

10 EXAMINER WALLACE: A-D-E-R. Have you filed any
11 entry of appearance?

12 MR. ADER: I do not believe that there's been a
13 formal appearance filed yet. There will be one, of
14 course, and an associate of our firm has been in
15 touch with the Commerce Commission previously about
16 this matter to get the rules and find out what --

17 EXAMINER WALLACE: All right. Put your firm
18 name and address in the record, please.

19 MR. ADER: Ancel, A-N-C-E-L, Glink, Diamond,
20 Bush, Dicianni, and Rolek, R-O-L-E-K, P.C., 140 South
21 Dearborn Street, Chicago, Illinois 60603, Sixth
22 Floor.

1 EXAMINER WALLACE: And your phone number.

2 MR. ADER: (312)782-7606.

3 EXAMINER WALLACE: Are there any other
4 appearances? Let the record reflect none.

5 We have some petitions to intervene. Are
6 there any objections to those petitions?

7 MR. KUCERA: Could you tell me what they are,
8 please?

9 EXAMINER WALLACE: Okay. We have the Illinois
10 Industrial Water Consumers.

11 MR. KUCERA: I have no objection.

12 EXAMINER WALLACE: All right. The petition for
13 leave to intervene filed on behalf of various members
14 of the Illinois Industrial Water Consumers is
15 granted.

16 A petition for leave to intervene filed by
17 the City of Pekin.

18 MR. KUCERA: I haven't received a copy, but I
19 have no objection.

20 EXAMINER WALLACE: All right. No objection to
21 the petition for leave to intervene filed by the City
22 of Pekin, and it is granted.

1 MR. KUCERA: I think they borrowed from a prior
2 case service list. Yes, on the Pekin one I don't
3 think we've been served. I wonder if we could get a
4 copy.

5 EXAMINER WALLACE: Yes. Actually there is no --
6 yeah, you're right. There is no service list
7 attached to Pekin.

8 If you want to -- do you still have an
9 objection?

10 MR. KUCERA: No, no. I'd just like a copy for
11 our records so I can see who is representing them.

12 EXAMINER WALLACE: Okay.

13 MR. KUCERA: If you want, you could have the
14 clerk just mail us a copy.

15 EXAMINER WALLACE: All right. I will have
16 Ms. Caton do that, although we're putting everything
17 on the Web. It should be available on the E-docket.

18 MR. KUCERA: I'll have my secretary pursue that.

19 (Laughter)

20 EXAMINER WALLACE: All right. This is a
21 prehearing conference. One of the matters we should
22 discuss is scheduling. I believe Staff has a

1 proposal.

2 MS. VON QUALEN: Yes. We've talked to the
3 Company and I believe everyone except Mr. Ader about
4 this schedule. Staff proposes that Staff and
5 Intervenor direct testimony be filed on August 24th;
6 Illinois American rebuttal testimony on September
7 14th; Staff and Intervenor rebuttal testimony on
8 October the 5th; Illinois-American surrebuttal
9 testimony on October the 19th; hearings to take place
10 on October 26, 27, 30, and 31; simultaneous initial
11 briefs December 1; simultaneous reply briefs December
12 15th.

13 And do you have the end date marked there?

14 MS. VON QUALEN: The drop-dead date on this case
15 is March 13th.

16 EXAMINER WALLACE: 01.

17 MS. VON QUALEN: Yes.

18 EXAMINER WALLACE: All right. Did you hear all
19 that, Mr. Ray?

20 MR. RAY: I did. I have no objection to it.

21 EXAMINER WALLACE: All right.

22 MR. FITZHENRY: I just have one point of

1 Otherwise, I have no objection as long as it's
2 subject that if there should be something unforseen,
3 to at least make a request and have it ruled upon.

4 EXAMINER WALLACE: Sure.

5 Anything else?

6 MS. VON QUALEN: I believe we talked among
7 ourselves about DR turnaround of two weeks, and we've
8 been doing that by hard copy and fax.

9 MR. KUCERA: Yes.

10 EXAMINER WALLACE: Does everyone have e-mail
11 accounts?

12 MR. FITZHENRY: Yes.

13 MS. VON QUALEN: Yes.

14 MR. KUCERA: Actually I do.

15 (Laughter)

16 EXAMINER WALLACE: And you'll have your
17 secretary check into it?

18 MR. KUCERA: Yes, yes, and I'll send it to you.

19 EXAMINER WALLACE: Do you have e-mail?

20 MR. ADER: We have e-mail, and I'll have to send
21 it to you. I don't remember exactly what it is.

22 EXAMINER WALLACE: Mr. Ray, are you on e-mail?

1 e-mailed filings to satisfy the in-hand date with a
2 follow-up with a hard copy.

3 The data request turnaround of two weeks
4 seems to be agreeable to everyone.

5 Is there any other matters that anyone
6 wishes to bring up at the hearing today?

7 MS. VON QUALEN: To clarify, as far as the DRs
8 go, if we send them by e-mail, does everyone also
9 want a hard copy of the DRs as well by mail?

10 MR. ADER: I think I would like to have that
11 because in other matters where we've used e-mail, I
12 guess there's Word and Word Perfect, and sometimes we
13 don't get the right -- correct copies.

14 MS. VON QUALEN: Very well.

15 EXAMINER WALLACE: Anything on behalf of the
16 Company, Mr. Kucera?

17 MR. KUCERA: We have nothing further.

18 EXAMINER WALLACE: All right. Intervenors?

19 MR. FITZHENRY: Nothing.

20 EXAMINER WALLACE: There being nothing further,
21 the schedule is set, and I guess we'll be back here
22 October the 26th.

1 MR. FITZHENRY: At what time?

2 EXAMINER WALLACE: 10 o'clock.

3 Are we going to have a lot of witnesses?

4 MR. FITZHENRY: I can't tell you that right now,
5 but my guess, if we were to sponsor testimony, it
6 would be no more than two witnesses.

7 MS. VON QUALEN: Staff will have quite a few
8 witnesses. I can't say right now if there will be
9 contested issues or how many of them.

10 EXAMINER WALLACE: All right. Certainly I would
11 guess, if the parties would talk among themselves say
12 around October -- the middle of October to work out a
13 schedule on appearances of witnesses, that would be
14 helpful, if there's any special scheduling needs.

15 MR. KUCERA: There will be. Some of our
16 witnesses are available on some days and not others,
17 and I've already had some discussion with Staff on
18 that.

19 EXAMINER WALLACE: I understand a couple Staff
20 witnesses have some unavailability too.

21 MS. VON QUALEN: Yes, that's correct.

22 EXAMINER WALLACE: So if we can work that, it

1 would be helpful if the parties could work out a
2 witness schedule or if there is going to be a need
3 for cross-examination of witnesses.

4 MS. VON QUALEN: Certainly.

5 EXAMINER WALLACE: Okay. All right.

6 MR. FITZHENRY: All right. Thank you,
7 Mr. Wallace.

8 MR. KUCERA: Thank you.

9 EXAMINER WALLACE: Thank you.

10 MS. VON QUALEN: Thank you.

11 (Whereupon the case was
12 continued to October 26,
13 2000, at 10:00 A.M. in
14 Springfield, Illinois.)
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22

1 STATE OF ILLINOIS)
)SS
2 COUNTY OF SANGAMON)

3 CASE NO.: 00-0340

4 TITLE: ILLINOIS COMMERCE COMMISSION
 On Its Own Motion
5 -vs-
 ILLINOIS-AMERICAN WATER COMPANY
6
7
8
9

10 CERTIFICATE OF REPORTER

11 I, Cheryl A. Davis, do hereby certify that I am
12 a court reporter contracted by Sullivan Reporting
13 Company of Chicago, Illinois; that I reported in
14 shorthand the evidence taken and proceedings had on
15 the hearing on the above-entitled case on the 2nd day
16 of June, 2000; that the foregoing 15 pages are a true
17 and correct transcript of my shorthand notes so taken
18 as aforesaid and contain all of the proceedings
19 directed by the Commission or other persons
20 authorized by it to conduct the said hearing to be so
21 stenographically reported.

22 Dated at Springfield, Illinois, on this 5th day
of June, A.D., 2000.

Certified Shorthand Reporter
License No. 084-001662



ILLINOIS COMMERCE COMMISSION

August 23, 2000

ILLINOIS COMMERCE COMMISSION
ON ITS OWN MOTION

-VS-

ILLINOIS-AMERICAN WATER COMPANY

Proposed general increase in water rates.

00-0340

NOTICE

TO ALL PARTIES OF INTEREST:

Notice is hereby given that the Petitions for Leave to Intervene filed by the Fosterburg Water District and Jersey County Rural Water on June 19, 2000 and the City of O'Fallon on August 1, 2000 are granted by the Hearing Examiner.

Sincerely,

Donna M. Caton
Chief Clerk

sc

Hearing Examiner: Mr. Wallace

Accounting

Ms. Ebrey
Ms. Goldberger
Mr. Struck

Finance

Mr. McNally
Mr. Luth

Water

Mr. King

**BEFORE THE
ILLINOIS COMMERCE COMMISSION**

ILLINOIS COMMERCE COMMISSION,
On Its Own Motion

-vs.-

ILLINOIS AMERICAN WATER
COMPANY,
Proposed general increase in water rates

DOCKET NO. 00-0340

MOTION TO EXTEND TIME TO FILE EVIDENCE

NOW COME the City of O'Fallon, Illinois, the City of Fairview Heights, Illinois, and the Village of Caseyville, Illinois, Intervenors herein^{1/}, by their attorneys Ancel, Glink, Diamond, Bush, DiCianni & Rolek, P.C., and respectfully move this Commission to grant them a reasonable time in which to obtain and file evidence in chief in this proceeding, or in the alternative, to reset the schedule for submission and hearing previously established, and as grounds therefore state:

1. Prior to the pre-hearing conference held in this proceeding, June 2, 2000, the staff of this Commission suggested a schedule for the filing of evidence by the parties to the proceeding. Under this suggested schedule, written testimony and related evidence in response to that filed by the Illinois American Water Company was to be filed on or before August 24, 2000.

^{1/} By order entered August 23, 2000, the Petition for Leave to Intervene filed by the City of O'Fallon, Illinois was granted. No mention was made in the order of the City of Fairview Heights and the Village of Caseyville, although both had joined with the City of O'Fallon in that same Petition for Leave to Intervene. They join with the City of O'Fallon in this motion, because either they are intervenors whose names were overlooked clerically in recording the grant of the petition to intervene (an oversight which should be immediately corrected on the record *nunc pro tunc*), or in the alternative, because they will need the same protection, when their request to **intervene** is granted.

2. The hearing examiner adopted this suggested schedule at the pre-hearing conference. At that time the expectation was that it would give sufficient time to *all* interested parties to obtain and file evidence. The adoption of this schedule was not intended to prevent any party's participation or to obstruct a party's right to be heard, but it has nevertheless had this effect.

3. Although the schedule adopted gave ample time to the Commission staff and those parties who were permitted to intervene on or before June 2, 2000 to make data requests and to obtain and file written testimony and related evidence, it has denied all other intervening parties the same rights.

4. No petition to intervene filed following June 2, 2000 was acted on by the hearing examiner until August 23, 2000, the last day preceding the expiration of the filing period for all written testimony and related evidence in response to the Illinois-American Water Company.

1. The joint petition for leave to intervene filed by the Fosterburg Water District and Jersey County Rural Water on June 19, 2000 was not acted upon and granted until August 23, 2000.
2. The Petition for Leave to Intervene filed jointly by the City of O'Fallon, the City of Fairview Heights and the Village of Caseyville on August 1, 2000 was also not acted upon and granted until August 23, 2000, when the City of O'Fallon was granted leave to intervene.^{2/} (That part of the Petition for Leave to Intervene relating to the City of Fairview Heights and the Village of Caseyville has still not been acted on as of August 30, 2000.)

No objections had been filed to any of these petitions for leave to intervene.

5. The petitions to intervene that had been filed prior to June 2, 2000 were acted upon and granted much more expeditiously. The petition to intervene filed by the Illinois Industrial Water

^{2/} The hard copy of this order was not received from the Commission by mail by the attorneys for the City of O'Fallon until August 29, 2000.

Consumers was filed on May 16, 2000 and granted June 2, 2000 and the petition to intervene filed by of the City of Pekin was granted in under two weeks.

6. The City of O'Fallon, the City of Fairview Heights and the Village of Caseyville sought an order granting them leave to intervene at the June 2, 2000 pre-hearing conference, which they were permitted to attend. This request was rejected, and all action in regard to their intervention was postponed to a later time, although no party had stated any objection. (Trans. 6/2/00, p. 7 (on line).)

7. Although movants understand there are reasons for this Commission to proceed expeditiously to its decision, all petitions for leave to intervene should also be acted on expeditiously. Those parties, first granted leave to intervene on August 23, 2000, should not be denied the same full and fair opportunity to make data requests, and to file written testimony and related evidence in response to the testimony and evidence of Illinois-American Water Company, and in protection of their respective interests, enjoyed by all others to this proceeding because of the date their pending petitions for leave to intervene were acted upon by this Commission. Constitutional due process and statutory intent require more.

8. A non-party cannot make data requests. And once made, the time for responding was set by the hearing examiner at fourteen (14) days (Trans. 6/2/00, pp. 11, 13 (on line)). Testimony cannot be reasonably required to be filed before data which might be important to the basis for that testimony can be sought and received.

9. Furthermore, petitioners for leave to intervene, particularly those spending the public's money, such as cities and villages, should not be made to gamble on the outcome of their respective petitions. Expert witness testimony is not free nor inexpensive. The municipality **should**

know it has become a party before being put to this expense. If it was a "dead certainty" movant's intervention would be granted, it should have been permitted, or at least so stated, at the June 2, 2000 pre-hearing conference, and/or the written petition should have been granted instantly upon receipt. If, however, there was a possibility of denial, then the Commission should not require Petitioners to risk the loss of public funds on expert testimony that could not be used.

10. The interests of the City of O'Fallon, the City of Fairview Heights and the Village of Caseyville are not adequately represented by any other party or testimony before this Commission.^{3/} The moving municipalities are primarily concerned with issues related to cost allocation among consumer classes and the rate pattern, design and structure. Only a little of the testimony and evidence filed even touches the issues movants desire to address and what has been stated seems at variance with the best interests of the movant municipalities and the public they serve.

11. When the evidence filing schedule was adopted, it was open to reassessment. It was made of record that if a change in the schedule was needed, a request therefore could be made and ruled upon (Trans. 6/2/00, pp. 10-11 (on line)). Obviously this implied that such a request could be granted.

12. Because movants wish to address more fully the rate allocation and the rate pattern, design and structure, perhaps a schedule could be set for movants written testimony and related evidence on its own, without changing the evidence schedule for others addressing primarily other

^{3/} The record is ambiguous regarding whether written expert testimony and related evidence filed by any intervenor is yet of record in this proceeding. The Illinois Industrial Water Consumers filed testimony but the filing appears on the docket as occurring outside the time, on August 25, 2000. (See, Trans. 6/2/00, p. 12 (on line).) No motion for leave to file is pending. And, Pekin did not timely file its minimal response. Its motion for leave to file the same is pending.

aspects of rate making. Or, if it is considered necessary, the schedule previously established should be amended.

WHEREFORE, the City of O'Fallon, Illinois, the City of Fairview Heights, Illinois and the Village of Caseyville, Illinois, each respectfully pray that this Commission grant each and all of them thirty-five (35) days from the date of the entry of the order on this motion in which to make and receive responses to data requests followed by thirty-five (35) days in which to file written testimony and related evidence, with a reasonable time thereafter for reply and rebuttal in the ordinary course of proceeding, or other reasonable accommodation be made for the filing of evidence by movants after an opportunity to receive any necessary data by request.

Dated this 30th day of August, 2000.

Respectfully submitted,

CITY OF O'FALLON, ILLINOIS,
CITY OF FAIRVIEW HEIGHTS, ILLINOIS,
VILLAGE OF CASEYVILLE, ILLINOIS,

By: 

DAVID LINCOLN ADER
One of Their Attorneys

ROBERT K. BUSH
KERI-LYN J. KRAFTHEFER
DAVID LINCOLN ADER
LUCY L. BEDNAREK
ANCEL, GLINK, DIAMOND, BUSH, DICIANNI & ROLEK, P.C.
140 South Dearborn Street - Suite 600
Chicago, Illinois 60603
Telephone: (312) 782-7606

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FILED
SEP 15 10 41 AM '00
CLERK'S OFFICE

**BEFORE THE
ILLINOIS COMMERCE COMMISSION**

ILLINOIS COMMERCE COMMISSION,)
On Its Own Motion)

-vs.-)

DOCKET NO. 00-0340

ILLINOIS AMERICAN WATER)
COMPANY,)
Proposed general increase in water rates)

**REPLY TO RESPONSE TO MOTION TO
EXTEND TIME TO FILE EVIDENCE**

NOW COME the City of O'Fallon, Illinois, the City of Fairview Heights, Illinois, and the Village of Caseyville, Illinois, movants, by their attorneys, Ancel, Glink, Diamond, Bush, DiCianni & Rolek, P.C, and pursuant to Commission Rule and Hearing Examiner Ruling dated September 5, 2000, reply to the sole objection filed in response to their Motion to Extend Time to File Evidence as follows:

1. The Water Company attempts to blame the moving municipalities for the date of the Hearing Examiner's order entered on their Petition for Leave to Intervene (Obj. ¶¶7, 8). The present circumstances in which the movants, and the Commission, find themselves were not of the moving municipalities' making.

2. The record in this proceeding establishes that the question of the movants' intervention was delayed until after the June 2, 2000 pre-hearing conference (Trans. 6/2/00, p. 7). The record in this proceeding also establishes that the Hearing Examiner did not act

on any outstanding petition to intervene filed after June 2, 2000 until the day before the intervenors' evidence in chief was due. For example, the Petition for Leave to Intervene filed by the Fosterburg Water District and the Jersey County Rural Water Company on June 19, 2000 (or June 15, 2000 alleged by the Water Company (Obj. ¶4f)) was not acted on until two months later, on August 23, 2000, when it was granted by the same order that granted the City of O'Fallon's intervention (Chief Clerk's Notice, dated 8/23/00). Therefore, regardless of the date on which the movants filed their Petition for Leave to Intervene, the record demonstrates that it would not have been acted on until the day before the intervenors' evidence in chief was due.

3. The Water Company states that O'Fallon had determined to proceed to "prepare for trial" on or about July 20, 2000. From this the Water Company asserts the inaccurate conclusion that O'Fallon had a month to file evidence (Obj. ¶9). Actually, as the record shows, during that "month," O'Fallon had a petition to intervene pending, which remained unacted upon. There was no reasonable opportunity to file meaningful direct testimony.

4. Furthermore, the Hearing Examiner has still not entered the order regarding the intervention requests of the City of Fairview Heights and the Village of Caseyville, Illinois, although they petitioned for intervention jointly with the City of O'Fallon.

5. The Water Company attempts to avoid the clear implications of the record in this proceeding in two ways:

- (a) The Water Company points to the Commission's rules of practice, 83 Ill Adm. Code §200.200(b), that state that while a petition to intervene is pending, the Examiner may permit the Petitioner to participate (Obj., ¶12). Participation without a substantial price tag, such as the movants' presence through their counsel at the June 2, 2000 pre-hearing conference, is one thing. But engaging an expert or experts is an expensive undertaking which no fiscally-responsible municipality would do without assurance that it can intervene and have its evidence entered and remain permanently part of the proceeding. (If requests for leave to intervene are merely *pro forma* steps, then why were the movants not actually accepted as intervenors in response to their request on June 2, 2000, and why was their later written request to intervene not granted immediately upon request.) Those who request intervention are entitled to know their status. They are not to be reduced to gamblers, chancing the monies in their respective public treasuries to the vagaries of a Petition for Leave to Intervene.
- (b) The Water Company also points to Fosterburg's filing of direct testimony despite the grant of its Petition to Intervene on August 23, 200 (Obj., ¶5). The Fosterburg Water District's direct testimony was five pages in length and consisted of statements of its Manager stating that rate stability was important to the District's current capital improvement program. Perhaps the Fosterburg Water District would have filed expert testimony on other issues if its petition to intervene had been granted promptly, rather than the day before the close of evidence. In any event, what the other Intervenor filed is in no way commensurate or responsive to what the movants desire to file.

6. Data requests cannot be accurately and completely framed, nor discovery efficiently pursued, when it is to be the basis of, or guided by, expert opinion and advice. Effective discovery cannot be fairly required to proceed until intervention is granted rendering the retention of an expert witness prudent and proper.

7. Intentionally, or not, this Commission is being asked to protect the Water Company from analysis and appropriate opposition and correction on topics vital to movants and not focused on by other parties (Obj., ¶10). when the whole purpose of regulation is to protect the public.

8. The Commission is to protect the public from unreasonable and discriminatory charges by the Water Company. An improper rate pattern and design, as well as an excessive rate of return, should be subject to scrutiny. The Illinois and United States Constitutions guarantee due process. No statute, rule or manner of proceeding that denies a party due process can stand. The movants must be given a full and fair opportunity to participate. The Water Company does not have an absolute right to have its proposed rates approved. No action taken by the Commission that abuses its discretion and/or isolates a party's constitutional rights can stand against the party's challenge to the action. Efficiency, certainty and stability can only be served by granting the movants a full and reasonable opportunity to participate.

9. The Resuspension Order entered September 7, 2000 establishes six months more for this proceeding. The periods for discovery and written testimony requested by the movants leaves several months for the completion of these proceedings. Subsequent steps could be set for shorter time periods than have been set for the Water Company, the Commission staff, etc., under the existing schedule.

10. The Water Company's Objection states that the City of Waterloo filed a petition to intervene on June 16, 2000 (Obj. ¶4e). The on-line docket and copy of the petition show a filing date of August 30, 2000. In any event, Waterloo's petition to intervene has not been acted on yet.

11. The movants can no more reasonably gamble public funds on the outcome of this motion than they could on the outcome of their request to intervene. The movants have a continuing right to be heard in full on their issues by some full, fair and reasonable means.

CONCLUSION

For each and all of the reasons stated in their Motion to Extend Time to File Evidence and in this Reply, the Motion to Extend Time to File Evidence should be granted.

Respectfully submitted,

CITY OF O'FALLON, ILLINOIS,
CITY OF FAIRVIEW HEIGHTS,
ILLINOIS, AND THE VILLAGE OF
CASEYVILLE, ILLINOIS

By:


One of the Attorneys for Movants

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Keri-Lyn J. Krafthefer
Lucy B. Bednarek
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Firm ID No. 90053

September 15, 2000

ILLINOIS COMMERCE COMMISSION
ON ITS OWN MOTION
-VS-
ILLINOIS-AMERICAN WATER COMPANY

Proposed general increase in water rates.

00-0340

**SERVED ELECTRONICALLY
AT THE REQUEST OF THE
HEARING EXAMINER**

NOTICE OF HEARING EXAMINER'S RULING

TO ALL PARTIES OF INTEREST:

Notice is hereby given that the Motion to Extend Time to File Evidence filed on behalf of City of O'Fallon, City of Fairview Heights, and Village of Caseyville is denied by the Hearing Examiner.

Sincerely,

Donna M. Caton
Chief Clerk

sc

Hearing Examiner: Mr. Wallace

Accounting

Ms. Ebrey
Ms. Goldberger
Mr. Struck

Finance

Mr. McNally
Mr. Luth

Water

Mr. King



ILLINOIS COMMERCE COMMISSION

September 19, 2000

ILLINOIS COMMERCE COMMISSION
ON ITS OWN MOTION

-VS-

ILLINOIS-AMERICAN WATER COMPANY

Proposed general increase in water rates.

00-0340

NOTICE OF HEARING EXAMINER'S RULING

TO ALL PARTIES OF INTEREST:

Notice is hereby given that the Petitions for leave to intervene filed by the City of Peoria and the City of Waterloo are granted by the Hearing Examiner. The Notice of Hearing Examiner's Ruling issued August 23, 2000, inadvertently omitted the City of Fairview Heights and Village of Caseyville, those petitions also having been granted.

Sincerely,

Donna M. Caton
Chief Clerk

sc

Hearing Examiner: Mr. Wallace

Accounting

Ms. Ebrey
Ms. Goldberger
Mr. Struck

Finance

Mr. McNally
Mr. Luth

Water

Mr. King



ILLINOIS COMMERCE COMMISSION

September 15, 2000

Illinois-American Water Company

Proposed general increase in water rates.

00-0340

TO ALL PARTIES OF INTEREST:

Enclosed is a corrected copy of the Resuspension Order entered by this Commission on September 7, 2000.

Copies of the Resuspension Order were served on September 8, 2000, however, it has been determined that the resuspension date of the Order on Page 2 was incorrect. The attached Resuspension Order carries the correct date.

I hope this does not cause any inconvenience.

Sincerely,

A handwritten signature in cursive script that reads "Donna M. Caton".

Donna M. Caton
Chief Clerk

DMC:bjs
Enclosure

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois-American Water Company	:	
	:	
Proposed general increase in water rates.	:	00-0340
	:	

RESUSPENSION ORDER

By the Commission:

On April 17, 2000, Illinois-American Water Company filed its Ill. C. C. No. 5 (Formerly Northern Illinois Water Corporation - Water) (Champaign District) 28th Revised Sheet No.1, 15th Revised Sheet No. 1.1, 1st Revised Sheet No. 1.2, 23rd Revised Sheet No. 2, 20th Revised Sheet No. 2.1, 17th Revised Sheet No. 2.3, 9th Revised Sheet No. 2.7, 1st Revised Sheet No. 2.10, 1st Revised Sheet No. 2.11, (Sterling District) 28th Revised Sheet No. 8, 5th Revised Sheet No. 8.1, 5th Revised Sheet No. 8.2, 3rd Revised Sheet No. 8.3, 21st Revised Sheet No. 10, 12th Revised Sheet No. 10.2, 21st Revised Sheet No. 11, (Streator District) 24th Revised Sheet No. 13, 13th Revised Sheet No. 14, 12th Revised Sheet No. 15.1, 19th Revised Sheet No. 16, 2nd Revised Sheet No. 16.2, (Pontiac District) 21st Revised Sheet No. 18, 19th Revised Sheet No. 19, 12th Revised Sheet No. 19.2, Original Sheet No. 19.3, 6th Revised Sheet No. 21, 1st Revised Sheet No. 21.1, Ill. C. C. No. 22 (Southern Division & Peoria District) 3rd Revised Title Page, 6th Revised Sheet No. 1, 5th Revised Sheet No. 2, 6th Revised Sheet No. 3, 11th Revised Sheet No. 4, 5th Revised Sheet No. 7 and 2nd Revised Sheet No. 16.1, hereinafter referred to as "Filed Rate Schedule Sheets", in which it proposes a general increase in water rates, to be effective June 1, 2000.

It appeared from an examination of the said Filed Rate Schedule Sheets that the Commission should enter upon a hearing concerning the propriety of the proposed general increase in water rates and that pending the hearing and the decision thereon, the proposed general increase in water rates should not go into effect.

By Order dated May 10, 2000, the Commission suspended the proposed general increase in water rates to and including September 13, 2000.

The Commission's investigation in this matter has not been concluded and it is necessary, therefore, to extend the period of suspension for a further period of six (6) months.

IT IS THEREFORE ORDERED that the period of suspension of the proposed general increase in water rates stated in the Filed Rate Schedule Sheets, filed by Illinois-American Water Company be, and it is hereby extended to and including March 13, 2000.

IT IS FURTHER ORDERED that this order is not final and is not subject to the Administrative Review Law.

By order of the Commission this 7th day of September, 2000.

Chairman

RECORD OF MATTERS BEFORE THE COMMISSION

On (Date) 9/7/00

AGENDA NO. W-4

(All Commissioners present unless otherwise noted)

Docket No.

Name of Utility and Nature of Matter

Commission Action

00-0340

IL-AMERICAN WATER COMPANY

Proposed General increase in water rates for each of its water service areas, except the Pekin District.

RESUSPENSION ORDER

Entered

VOTING YES:

MATHIAS
HARVILL
HURLEY
KRETSCHMER
SQUIRES

D = Dissents
C = Concurs
CP = Concurs in Part
DP = Dissents in Part
A = Absent
R = Recuse

Thomas R. Stack, Director-Water Department
(Staff Member presenting matters to the Commission)

SEP-13-2000 15:05

ANSEL GLINK

3127823558

P.08/08

**Before the
Illinois Commerce Commission
Docket No. 00-0340**

ILLINOIS-AMERICAN WATER COMPANY

Direct Testimony and Schedules of

Michael Gorman

On behalf of

Illinois Industrial Water Consumers

**Project 7368
August 2000**



BRUBAKER & ASSOCIATES, INC.

St. Louis, MO 63141-2000

1 projects, where unregulated accounting conventions traditionally do not. Another
2 example of accounting differences relate to the creation of regulatory assets. For
3 regulatory accounting, regulatory companies are allowed to defer and capitalize
4 operating expenses, where competitive accounting does not allow this practice.
5 The differences in accounting practices can have a significant impact on the
6 recorded book value for a regulated company, compared to that of a non-
7 regulated company. Because there can be significant differences in accounting
8 methods deriving the book value, an earned return on equity for a regulated
9 company is not directly comparable to the earned return on book equity for a non-
10 regulated company.

11 For the above reasons, Mr. Moul's comparable earnings analysis should be
12 rejected.

13 **II. Revenue Increase Allocation and Rate Design**

14 **Q HOW DOES IAWC PROPOSE TO RECOVER ITS PROPOSED REVENUE**
15 **INCREASE?**

16 **A** Company witness Mr. Ronald D. Stafford describes the Company's proposed rate design
17 as an across-the-board revision to all rates for all districts (for which a rate increase is
18 proposed) in accordance with the revenue requirements applicable to each district. He
19 maintains that the Company's proposal is an approach to improve communications with
20 customers, enhance customer understanding, reduce rate case expenses, minimize
21 customer impacts, and simplify administration (IAWC Ex. 3.0, p. 6).

22
23 **Q HOW DOES AN ACROSS-THE-BOARD REVISION OF RATES WORK?**

24 **A** For IAWC's general service customers, the rates consist of 1) a monthly customer
25 charge; and 2) volumetric rates applied to blocks of water usage. The customer charge
26 is intended to recover costs associated with serving each individual customer,
27 regardless of usage. Examples of such costs are meter reading, bill calculation, mailing,
28 collecting and recording payments, and the fixed costs associated with IAWC's

1 investment in meters and services—depreciation, return and taxes. Indeed, these costs
2 were classified to the customer component in the fully-allocated cost of service study
3 used as the basis for IAWC's rates in its last rate case, ICC Docket No. 97-0102. The
4 volumetric charges, on the other hand, recover costs that vary with the volume of water
5 consumed or the need to meet peak demands.

6 Under IAWC's proposal, the customer charges and the volumetric rates in the
7 Southern and Peoria districts would all be increased by the same percent.

8 Q IS IAWC'S ACROSS-THE-BOARD DISTRICT RATE INCREASE ASSIGNMENT
9 REASONABLE?

10 A No. IAWC's proposed revenue increase assignment, for the Southern district and Peoria
11 district, is inappropriate. From a cost-causation standpoint, the Company's proposal will
12 assign too much of the proposed increase in those districts to volumetric charges, and
13 not enough to customer charges. The increase proposed by IAWC for these two districts
14 is primarily attributable to two items: (1) an increase to rate base; and (2) a change to its
15 proposed depreciation rates. The increase to rate base is due precisely to new
16 investment in water supply and treatment plant, transmission and distribution (T&D), line
17 extensions, and meters. In IAWC's last rate case, water supply, treatment plant, and
18 T&D plant were classified and allocated on the basis of volume and extra capacity.

19 The Company's across-the-board increases will understate the proportion of
20 these costs that should be recovered in the initial rate blocks.⁷ Conversely, the rate
21 increases to each block rate thereafter will be overstated.

⁷ The initial block rates are higher precisely because they are intended to capture the majority of extra capacity costs.

1 Similarly, the Company's increased rate base investment attributable to services
2 and meters was allocated by the Company on customer count in the last rate case.
3 IAWC's proposal to spread this increase on an across-the-board revenue methodology
4 will thus under-assign its increased customer cost to the customer portion of its rates.
5 Such a proposal is inappropriate.

6 **Q ARE YOU PROPOSING A CHANGE TO THE COMPANY'S PROPOSED ACROSS-**
7 **THE-BOARD COST ALLOCATION AND RATE DESIGN FOR DISTRICTS OTHER**
8 **THAN SOUTHERN AND PEORIA?**

9 **A No.** In the Company's other districts for which it is requesting a rate increase, the
10 proposed increased revenue requirement is attributable primarily only to an increase to
11 rate base. IAWC's proposal to increase depreciation rates only increases the Southern
12 and Peoria districts' depreciation expense. Consequently, since the depreciation rate
13 change in districts outside of Southern and Peoria are not material, I am not
14 recommending an alternative to the Company's proposal for those districts.

15 **Q PLEASE EXPLAIN WHY THE COMPANY'S PROPOSED INCREASE FOR THE**
16 **SOUTHERN AND PEORIA DISTRICTS IS PRIMARILY DRIVEN BY AN INCREASE IN**
17 **RATE BASE INVESTMENT AND DEPRECIATION EXPENSE RATE?**

18 **A The Company estimates the revenue deficiency for the Southern and Peoria districts of**
19 **\$6.76 million (IAWC Ex. 14.5, Schedule E-4, p. 62 of 88). As shown on IAWC Exhibit 12,**
20 **Schedule C-1, pp. 7 and 9, the proposed rate base for the Southern and Peoria districts**
21 **increases from \$184.8 million in 1999, to \$229.2 million by the test year. The Company's**
22 **depreciation expense also increased from \$10.15 million in 1999 to \$12.84 million in the**

1 2001 test year. The depreciation expense increase is attributable to both a greater
2 amount of plant in service, and the Company's proposal to change its depreciation rates.

3 As estimated on my Exhibit MPG-1 (), Schedule 6, the increase to IAWC's
4 operating income, taxes and depreciation expense attributable to its increased plant
5 investment, together with higher depreciation rates, produce an increased revenue
6 requirement of approximately \$8.0 million. (The district's revenue requirement increase
7 for these items is offset by reductions to other costs.) Therefore, it is reasonable to focus
8 on these two cost elements in order to find a reasonable means by which to allocate the
9 proposed revenue increase.

10 However, the most appropriate cost allocation methodology is for the Company to
11 conduct a full cost of service study to assign costs among customer classes and to
12 design rates accordingly. The Commission should direct IAWC to offer such a study, on
13 a district-specific basis, in its next rate case.

14 Q HOW COULD A RATE DESIGN MORE REASONABLY REFLECT THE COST
15 INCREASES WHICH ARE DRIVING THE RATE INCREASE REQUEST IN THIS
16 PROCEEDING?

17 A Absent a complete cost of service analysis, which is the superior way of allocating costs
18 and designing rates, the Commission should attempt to adjust IAWC's rates in this
19 proceeding in a manner that constitutes a reasonable approximation to the cost of
20 service study relied on in IAWC's last rate case. Setting this as an objective, I propose to
21 assign the increased revenue requirement for the Southern/Peoria districts as follows:

- 22 • First, the Company's proposed increase to depreciation expense attributable to
23 the depreciation rate change is assigned to classes on the basis of total customer
24 class revenue. The proposed increase in depreciation expense, attributable to a
25 change in depreciation rates, is primarily attributable to services and meters. In

1 the Company's last cost of service study, these costs were assigned to customer
2 classes on the basis of number of customers.

- 3 • The amount of the increase remaining would be assigned on an across-the-board
4 basis based on total revenue.

5 Q PLEASE EXPLAIN WHY IT WOULD BE APPROPRIATE TO ASSIGN THE
6 INCREASED EXPENSES ATTRIBUTABLE TO IAWC'S PROPOSED DEPRECIATION
7 RATE CHANGES ON THE BASIS OF CUSTOMERS.

8 A As shown on Exhibit MPG-1 (), Schedule 7, the Company's proposed change to
9 depreciation rates increases its depreciation expense for the Southern and Peoria
10 districts by \$1,035,766. The increase in depreciation expense attributable to the change
11 in depreciation rates for services and meters (Accounts 333 through 334.2) increased
12 the Company's depreciation expense by \$1,885,068. Hence, the depreciation rate
13 change for all other accounts actually reduces IAWC's depreciation expense.

14 Since the expense increase produced by the proposed change to the Company's
15 depreciation rates is attributable to increases in the depreciation rates for services and
16 meters, the expense increase should be allocated on customers. The proposed
17 Southern and Peoria districts' depreciation and amortization expense increase is
18 \$1,056,549 (IAWC Ex. 12.0, Schedule C-3, p. 7)

19 This allocation is cost justified because each customer requires a service and a
20 meter to be connected to the system and receive water service from IAWC. The
21 attendant costs are not affected by average or peak rates of use. Thus, the assignment
22 of these costs to customer charges is most fitting. Further, a customer allocation of
23 these costs is supported by the American Water Works Association (AWWA) "Principles
24 of Water Rates, Fees and Charges," Fifth Edition, Page 53.

1 Q WHY IS IT APPROPRIATE TO SPREAD THE COST OF THESE INCREMENTAL
2 RATE BASE COSTS OVER TOTAL REVENUES?

3 A As shown on Exhibit MPG-1 (), Schedule 8, the increase in the Company's rate base
4 is primarily attributable to increased investments in source of supply, water treatment,
5 transmission and distribution, services and meters. In the Company's last cost of service
6 study, the increases in investments for water treatment plant and transmission and
7 distribution mains were allocated on the basis of volume and extra capacity. The
8 combination of these factors had the effect of increasing the initial block rates more than
9 higher block rates. This is consistent with the cost of service principles advocated by the
10 Company and approved by the Commission in the last proceeding. Also consistent with
11 the cost of service and rate design in IAWC's last case, the rate base increase
12 attributable to service lines and meters should be allocated on customer count and
13 included in customer charges. This cost functionalization is also supported by the
14 AWWA.

15 While the best approach would be to undertake an update of the cost of service
16 study to allocate these costs between customers, and properly design rates based on
17 those allocated costs, in this proceeding I recommend allocating them on the basis of
18 total revenue. Since the cost increases affect both volume and customer charges, it is
19 appropriate to increase both of these charges to reflect the Company's incremental
20 investment in utility plant. This proposed method would, unfortunately, underestimate
21 cost increases to the initial volume blocks, and overallocate costs to volume blocks
22 thereafter. The more accurate way to correctly assign costs to different volume blocks
23 would be with a complete cost of service study supporting the proposed rate design.
24 Such a cost of service study, unfortunately, was not performed for this proceeding.

1 Q HAVE YOU PREPARED A SCHEDULE SHOWING YOUR PROPOSED ALLOCATION
2 OF THE METHOD YOU DESCRIBE ABOVE?

3 A Yes. This is shown on the attached Exhibit MPG-1 (), Schedule 9. As shown on this
4 schedule, the increase to rates is produced in two steps. First, I assign the increase in
5 depreciation expense among the customers on the basis of total customers. Second, I
6 then assign the remaining revenue increase on the basis of total revenues, including the
7 increased customer charge derived in Step 1. On Schedule 9, Page 1, I show the
8 revenue allocation at the IAWC proposed reduced revenue requirement for the Southern
9 and Peoria districts and, on Page 2, at the Company's proposed districts' revenue
10 requirement.

11 Q WHAT IS YOUR PROPOSED PERCENTAGE CHANGE TO THE CUSTOMER AND
12 VOLUME RATES FOR THE SOUTHERN AND PEORIA DISTRICTS?

13 A This is shown on my Exhibit MPG-1 (), Schedule 10. As shown on Page 1 of this
14 schedule, customer charges should be increased by 9.09%, and volume charges should
15 be increased by 3.42%, with my proposed reduction to IAWC's revenue requirement.
16 My proposal would increase residential customer charges by \$0.09 to \$0.39 per month,
17 relative to the Company's proposal (see Page 3 of Schedule 10).

18 **III. Alton Source of Supply Charge**

19 Q PLEASE EXPLAIN IAWC'S PROPOSED ALTON DISTRICT SOURCE OF SUPPLY
20 CHARGE.

21 A IAWC has incurred approximately \$38.8 million in cost to construct the new water
22 treatment facility to serve the Alton district. Mr. Stafford offered, "... since the Alton
23 district is a member of the single-tariff pricing group, it is appropriate that revenue